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ABSTRACT

This presentation describes the principles and policies underlying the successful management development program at Hewlett-Packard Company, a manufacturer of electronic instruments and components. The company is organized into relatively independent product divisions with decentralized decision-making responsibilities, flexible working hours, and informal communication across organizational lines. Managers at all levels are evaluated and promoted on the basis of their ability to engender teamwork, and quality circles are an integral part of the company's operation. The management development strategy is based on training programs for each of four levels of management transition: to manager (management development program), to "manager of managers" (managing managers program), to functional manager (management seminar), and to general manager (executive seminar). The curriculum of each of these programs emphasizes the overall corporate philosophy of team management. Management development activities, specifically directed at improving overall effectiveness and productivity, include training courses and seminars on quality enhancement, manufacturing management, and research and development productivity. Because of the rapid pace of progress in electronics, continuing education for engineers is critical to the success of the company. (TE)

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MANAGEMENT DEVELOPMENT AT HEWLETT-PACKARD

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I am delighted to have this opportunity to be a part of this Conference for California educators and share with you the approach we take in developing our managers at Hewlett-Packard. In addition I would like to outline some things we are doing at HP to enhance our overall organizational effectiveness.

As a framework for my remarks, I would like to give you a few facts about our company. Hewlett-Packard produces computers, electronic instruments and systems, medical instrumentation, analytical instruments, and specialized electronic components. Orders this year will approximate $5 billion and worldwide employment is about 72,000. We have about 60 product divisions organized into 5 product groups with factories in the United States, Europe, Asia, and Latin America.

Management development at HP starts with an emphasis on our overall working environment. Starting with some basic ideas of our founders, Bill Hewlett and Dave Packard, on how a company should be managed, a very unique company culture has evolved at HP. This culture, referred to throughout the company as "The HP Way", continues to flourish. New employees learn about the HP Way soon after joining the company through locally conducted new employee orientation programs. The company's basic values, our statement of Corporate Objectives, are described to each employee (Table I). They are given a booklet outlining the objectives in detail, and the objectives are revisited in nearly every training program we run, even in our most senior management development course for corporate executives.

The positive working environment was greatly enhanced by an early decision to organize the company into relatively independent product divisions, each operating as a small business with its own functional management and product charter. This has kept for us a small company atmosphere that encourages entrepreneurship and innovation.

Our basic staffing policy is to recruit the best people that we can find and put them into real jobs where they have a chance to make an immediate contribution. For example, new engineers are assigned to a new product development team, and new MBA's recruited into marketing go on the road to talk to real customers. New people are given an opportunity to learn by making mistakes, and all employees are encouraged to stick their necks out. Lessons learned by making mistakes are usually retained. To foster creativity we allow unusual individual autonomy and challenge people by keeping decision making

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and responsibility at the lowest possible level. We encourage informality with the use of first names, shirt-sleeve management, open offices, informal communication across organizational lines, and flexible working hours. Sixty-four percent of our employees participate in our stock purchase program, and all employees share in the company's profits.

At Hewlett-Packard we promote from within the company. This makes opportunities for advancement real to our people and also stimulates training and development at all levels. If you are required to promote someone from within to fill a management opening, you are much more apt to be willing to spend time, effort, and money on continuing development of your employees. Managers learn early in their careers that their only source of success is their people, so if they want to be more successful, they should work on those things that will make their people more successful.

We think a good test of the working environment is whether the organization has been successful in getting people working together toward common goals. Managers at all levels are evaluated and promoted on their ability to engender teamwork. We encourage managers to "manage by wandering around" as it is difficult to lead if you are not out with your people. I have never seen a manager at HP fail who was the leader of a successful team!

Like many U.S. companies we have implemented quality circles at HP where we call them Quality Teams. We have about 1,000 teams in place worldwide in our manufacturing and sales entities, and feel that they are natural extensions of the HP way. We hope to fully integrate the Quality Team process into our regular management function during the next few years.

A major objective for our corporate training and development activity is the perpetuation of our management style and working environment, and management training is very fundamental to this perpetuation effort. Although I will not spend appreciable time describing our management development programs, I did want to share with you our basic strategy. This strategy is based on four levels of management transition (Table 2). The major developmental needs of the newly promoted manager at each level have been identified, and management development courses and seminars have been developed for each transition. A common characteristic of the curriculum is the teaching of those principles and practices that have proven successful at Hewlett-Packard as well as a strong emphasis on the implementation of the Corporate Objectives. The overall strategy focuses on the "blocking and tackling" of management development, and implementation is at the local level in all cases except for seminars in functional and general management.

The first level of supervision has a significant amount of influence on the working environment of an organization, and for this reason, we pay close attention to the development of new managers. A

management development program consisting of a series of modules on essential management topics is taught in each of our entities using local instructors, most of whom are line managers. The corporate developed curriculum emphasizes Hewlett-Packard management philosophy, as a prime objective of the program is the perpetuation of the HP Way. As the most successful managers develop their skills on the job working for a manager who is a good coach, we recently developed and implemented a program, "Managing Managers," to provide new managers of first level managers an opportunity to develop skills in leadership, coaching, team building, managing differences, and working with their boss. The basic content of our programs for first and second level managers is shown in Table 3.

Becoming a functional manager at HP is perhaps the most difficult transition. Managers promoted to this level normally have spent their entire career in one function, frequently engineering, marketing, or manufacturing, and have only limited knowledge of other functional areas. As a functional manager, they join the senior management team of a division or sales entity, and their success depends heavily on how familiar they are with the management of other functions.

The "Management Seminar" is a week long program, normally held in Palo Alto, that provides intensive coverage of management concerns of all functiors as well as tutorial sessions in accounting and finance. Instructors are experienced HP general and functional managers supplemented with faculty from graduate schools of business. An HP developed computer simulation exercise provides each attendee an opportunity during the week to "manage" a function other than his own as part of a seven person management team.

The transition to general management requires that the manager develop skills critical to leading a team of functional managers responsible for a 500 to 2000 person division or sales entity. The basic needs for this transition are met by the "Executive Seminar." The curriculum emphasizes strategic management, financial analysis, product strategy, financial control and measurement systems, economics, general management, and organizational behavior. The faculty is balanced between HP executives and graduate business school faculty.

An "Advanced Management Program" was designed in 1979 for senior general managers and corporate executives. This program develops skills in long term strategic thinking. Attendees develop likely scenarios for the next decade as well as a strategy for optimizing the company's success in these scenarios. Faculty is drawn from leading graduate schools of business.

I would like to comment now on some management development activities in our company that are specifically directed at making a significant improvement in overall effectiveness and productivity.

Although we have had a tradition of quality workmanship since our founding, several years ago we began to recognize that we could gain an important competitive advantage if we could make even greater improvements in our product quality and production costs. After some studies in some of our divisions, we discovered that higher quality actually costs less. One division estimated that if it did everything right the first time, and on time, it could get by with one-third fewer people, one-fourth less space, and two-thirds less inventory. Many of our senior functional managers attended various training courses and seminars on productivity and quality methods, and this activity certainly made some contribution to our efforts. We recognized, however, that many of our divisions were well ahead of the state of the art in many of these areas, and our corporate training and development organization was encouraged to figure out a way that these "best practices" in our company could be identified, documented, and passed on to every division on a worldwide basis. The result was the development of a Manufacturing Management Seminar that has now been implemented throughout Hewlett-Packard. I think that it is important to note that this program has gone way beyond the training of our manufacturing managers and the interchange of "best practices." It also gave top management an opportunity to set expectations for the manufacturing function. An outline of this program is shown in Table 4. Each session was developed by HP managers who excelled in a particular phase of manufacturing management. In a few cases, graduate business school faculty were used to supplement the HP developed material. Much of the content was videotaped in our corporate TV studios for consistency in presentation, as the program was implemented locally in each division.

The final example that I would like to use this morning is a program for enhancing R&D productivity. R&D productivity is absolutely critical to our company's success. The first part of our R&D productivity effort is a training program for R&D project managers that was recently developed and introduced worldwide. The course was developed internally using our very best R&D managers to develop the curriculum, much of it based on "best practices" in our divisions. An outline is shown in Table 5. Like the manufacturing management seminar, a major part of the program is videotape-based to insure consistency. Setting management expectations through this focused training program on R&D management was also an objective of the seminar, and it was introduced to our divisions via a live teleconference originating from our Palo Alto headquarters. Although we had previously used live telecasts for product training of our sales and support people and for new product press conferences, this was the first time that we had used this medium for management development. Our president and other members of our top management team were able to communicate their expectations to all of our engineering managers in our remotely scattered divisions simultaneously. The seminar content was described in detail by the people who developed the program, and our divisions were told how to get the program started.

The second component of our R&D productivity program is the continuing education of engineers and computer scientists, and although we have had a formal program since the early 1950's, it has recently assumed an even more important role in our R&D productivity efforts. I am sure you are all aware of the serious engineering shortage that our country faces. The American Electronics Association recently projected the need for the U.S. to triple the output of new electrical engineers and computer scientists within the next five years to meet the growth objectives of the electronics industry. Even if this estimate is on the high side, those of us in high technology industries will really have to scramble to meet our needs for technical people. This problem could be lessened if we can figure out some ways to make more productive use of the engineers and computer scientists that we already have. Continuing education, particularly keeping technical professionals current in their technology, provides tremendous leverage in R&D productivity.

Unfortunately, due to rapid changes in technology, the so-called "half life" of an engineer is estimated to be somewhere between 3 and 5 years. For these people to just stay up-to-date, it suggests that they would need, over a 40 year career, to be reeducated 8 times! Moreover, recent graduates are not able to master the required knowledge during the standard four year curriculum, and much of their education requires deferral to their working life. We are expanding our efforts in the continuing education area. We currently have over 400 engineers and computer scientists taking graduate level courses at Stanford University, and additional programs in other universities help us meet this critical educational need. The continuing education of working engineers and other professionals should be a major objective for training and development in the years ahead.

TABLE 1

THE HEWLETT-PACKARD OBJECTIVES

1. PROFIT

To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives.

2. CUSTOMERS

To provide products and services of the highest quality and the greatest possible value to our customers, thereby gaining and holding their respect and loyalty.

3. FIELDS OF INTEREST

To build on our strengths in the company's traditional fields of interest, and to enter new fields only when it is consistent with the basic purpose of our business and when we can assure ourselves of making a needed and profitable contribution to the field.

4. GROWTH

To let our growth be limited only by our profits and our ability to develop and produce innovative products that satisfy real customer needs.

5. OUR PEOPLE

To help HP people share in the company's success which they make possible; to provide job security based on their performance; to insure them a safe and pleasant work environment; to recognize their individual achievements; and to help them gain a sense of satisfaction and accomplishment from their work.

6. MANAGEMENT

To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives.

7. CITIZENSHIP

To honor our obligations to society by being an economic, intellectual, and social asset to each nation and each community in which we operate.

TABLE 2

HEWLETT-PACKARD COMPANY
BASIC TRAINING PROGRAMS

TRANSITION	PROGRAMS
TO GENERAL MANAGER	EXECUTIVE SEMINAR
TO FUNCTIONAL MANAGER	MANAGEMENT SEMINAR
TO MANAGER OF MANAGERS	MANAGING MANAGERS
TO MANAGER	MANAGEMENT DEVELOPMENT PROGRAM
	INTRODUCTION TO MANAGEMENT
NON MANAGERS	WORKING AT HP
	NEW EMPLOYEE ORIENTATION

TABLE 3

BASIC MANAGEMENT DEVELOPMENT

PROGRAM	ATTENDEES	CURRICULUM EMPHASIS
INTRODUCTION TO MANAGEMENT (SELF-PACED)	NEW MANAGERS	ROLE OF THE MANAGER MANAGING THE HP WAY COMMUNICATING WITH PEOPLE ADMINISTRATIVE TASKS PERFORMANCE EVALUATION AND SALARY ADMINISTRATION
MANAGEMENT DEVELOPMENT PROGRAM	NEW MANAGERS	MANAGING AT HP (MANAGEMENT BY OBJECTIVES) PERFORMANCE EVALUATION AND DEVELOPMENT SALARY ADMINISTRATION AFFIRMATIVE ACTION SELECTION AND INTERVIEWING LEADERSHIP
MANAGING MANAGERS	MANAGERS OF MANAGERS	LEADERSHIP SKILLS COACHING TEAMBUILDING MANAGING DIFFERENCES WORKING WITH YOUR BOSS EFFECTIVE MEETINGS

TABLE 4

HEWLETT-PACKARD COMPANY
MANUFACTURING MANAGEMENT SEMINAR

BUSINESS STRATEGY

MANUFACTURING STRATEGY

NEW PRODUCT DEVELOPMENT

MARKETING

QUALITY/PRODUCTIVITY

ASSET UTILIZATION

MANAGING MANUFACTURING COSTS

MATERIALS MANAGEMENT

INFORMATION SYSTEMS

AUTOMATION

LONG RANGE CAPACITY PLANNING

TABLE 5

HEWLETT-PACKARD COMPANY
R & D PROJECT MANAGEMENT SEMINAR

ROLE OF R & D PROJECT MANAGERS AT HP

STRATEGY

PROJECT LIFE CYCLE

PLANNING AND CONTROLLING

MANAGING MEMBERS OF TECHNICAL STAFF

MARKETING

FINANCE

MANUFACTURING

QUALITY ASSURANCE

INTERFUNCTIONAL PROBLEM SOLVING

EFFECTIVE MEETINGS

PRODUCTIVITY